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C O N F I D E N T I A L LAHORE 000289

E.O. 12958: DECL: 10/18/2018

TAGS: PGOV PREL PTER ECON PK IN

SUBJECT: PUNJAB POLITICIANS FOCUSED ON U.S.--PAKISTAN RELATIONSHIP
DURING SECURITY AND ECONOMIC CRISES

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REASON: 1.4 (d)

¶11. (C) Summary: In a series of October 9 meetings, Punjab politicians told Director of the Office of Pakistan and Bangladesh (SCA/PB) Brent Hartley that the bilateral relationship remained critical for Pakistan to survive the series of crises currently underway. Pakistan Muslim League-Nawaz (PMLN) members of the Punjab Assembly (MPA) thought that the U.S. has mishandled the conflict in the FATA and NWFP areas by ignoring local customs and needs, while a Pakistan People's Party (PPP) member recognized that the U.S. and Pakistan face a common enemy. The PMLN representatives urged the U.S. to encourage investment and allow technology transfer to help Punjab withstand the economic crisis, while the PPP focused on development assistance as a priority area in Pakistan. Regarding India, a senior Pakistan Muslim League (PML) politician argued that Pakistan must resolve its differences to benefit from India's economic success, while the PMLN complained that strong U.S.-India relationship has muddied Pakistanis' sentiments towards the U.S. Turning to the provincial government, the PPP MPA related that it has made overtures to other parties in the Assembly, but the PML politician thought that the PMLN would ultimately survive in Punjab. End Summary.

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PMLN Complain That U.S. Contributed to Terrorist Growth, But Others Recognize a Common Enemy

¶12. (C) During an October 9 meeting with Director of the Office of Pakistan and Bangladesh Brent Hartley, a group of Pakistan Muslim League-Nawaz (PMLN) politicians criticized the U.S. for sticking to the same counter-terrorist strategy that existed under former President Musharraf. Muhammad Pervaiz Malik, PMLN Central Finance Secretary, thought that the U.S. should engage with all political parties rather than its past history of "selective engagement." Malik blamed U.S. support for Musharraf on the growth of terrorism: "Democracies don't have terrorist groups, and U.S. support for Musharraf gave the terrorists support."

¶13. (C) Several politicians thought that Pakistan and the U.S. have taken a misguided approach to the FATA and NWFP areas. Punjab Law Minister Rana Sanaullah Khan advised that the war on terror "cannot be won until the foreign forces are out." He acknowledged that the U.S. can support Pakistan, but emphasized that "there is no chance of winning the war with foreign soliders." Hartley made clear that the U.S. has no troops in Pakistan, but has offered assistance to Pakistan's forces. Dr. Saeed Elahi, an MPA from Lahore, observed that the Pakistan Army has little knowledge of the tribal areas, and he estimated that 75 percent of the army and 90 percent of the generals have never served in FATA or NWFP. He suggested that the U.S. involve more Pashtuns at the ground level in order to earn local buy-in. MPA Dr. Asad Ashraf urged the U.S. to contribute more resources to the fight. Hartley noted that the U.S. has committed USD 750

million to develop the FATA and NWFP, and has started to help equip Pakistan's forces with upgrades and precision-targeting on F-16s.

¶4. (C) In a separate meeting with Hartley, Pakistan People's Party (PPP) MPA Qasim Zia agreed that Pakistan resists foreign incursions from any country, but he acknowledged that the U.S. and Pakistan face a common enemy. "It is not only your war, but our war as well," he remarked. He noted that the September 30 bombing of an MPA's residence in rural western Punjab sent a message that "all politicians are now a target." Hartley observed that President Zardari has made the right statements regarding the war on terror, but he wanted to see an actual plan put forward.

¶5. (C) Pakistan Muslim League (PML) Senior Vice President and former Federal Commerce Minister Humayun Akhtar Khan told Hartley in a separate meeting that the U.S. and Pakistan must work together in the long-term. "Even before the arrival of the Taliban, we had made a number of mistakes in the tribal areas," he recalled, and explained that weak administration and the use of political agents created vacuums that "religious elements" filled. He suggested that the government must "give proper protection to people who are with us because anyone against the Taliban will be killed."

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Assistance Needed to Prop Up Economy
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¶6. (C) All the politicians agreed that Pakistan faced a dire economic situation. PMLN Finance Secretary Malik recommended that the U.S. encourage more foreign direct investment and "quick injections," particularly in agriculture. He specified that technology transfers, such as the impending introduction of Monsanto BT cotton in Punjab, would help the farming sector, but he cautioned against pricing the seeds too high. PPP MPA Zia pleaded that "we really need aid and help." He listed poverty, education, sanitation and clean water as the top issues in Punjab. Taking a more optimistic outlook, PML Senior VP Akhtar Khan recalled that Pakistan had rapidly recovered from a worse situation in 1998-99 when it had a USD 11 billion black hole in foreign reserves. Now, he contended, Pakistan merely faced an insufficient amount of reserves.

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U.S.-India Friendship Could Hurt U.S.-Pakistan Relationship, But Pakistan Must Also Make Peace with India
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¶7. (C) With the Secretary's visit to New Delhi making headlines, the politicians concentrated on the U.S.-India and Pakistan-India nexus. The PMLN politicians groused that the nuclear deal has turned Pakistanis off of the U.S. "The U.S. can't win the hearts of Pakistanis until you treat India and Pakistan at par," urged Punjab Law Minister Khan. Likewise, Finance Secretary Malik bristled at the "step-motherly treatment vis-a-vis India."

On the other hand, PML politician Akhtar Khan thought that India and Pakistan shared a common interest in preventing a Taliban government in Islamabad. Moreover, Khan continued, Pakistan must maintain an equilibrium with India. "If Pakistan doesn't improve relations with India, we will lose out on the economic boom, and a few nuclear weapons would do very little," he noted. He surmised that President Zardari wants to resolve the Kashmir issue soon.

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PPP Feeling Out Other Parties in Punjab, But Federal Government Safe For Now
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¶8. (C) Regarding the political outlook in the Punjab, PPP MPA Zia acknowledged that the PPP has started to "sort out" its problems with the PMLN, its majority partner in the Punjab Assembly. He reported that the PPP has approached PMLQ members to consider withdrawing from the coalition, but PMLN has also "wooed" them. Zia dismissed the level of support behind the PMLN and Nawaz Sharif, and pointed to the waning lawyers movement as

proof of his declining influence "on the streets." He also doubted that Sharif would lend his support to the PPP-ruled federal government; "his mindset is different," Zia explained.

¶19. (C) Regarding the Punjab provincial government, Senior PML politician Khan surmised that while a few Q-League members might vote for the PPP, Punjab Chief Minister Shahbaz Sharif would survive a no-confidence vote. "The only thing that will dislodge the PMLN is if [Zardari] imposes Governor's rule, but imposing it for no reason would cause a lot of problems," he offered. The situation might change if Zardari suspects that the PMLN has started an anti-Zardari campaign in the media, which might prompt the PPP to strike in Punjab. At the federal level, Nawaz Sharif would likely refrain from causing too much commotion. "I would not disrupt things too much if I were Nawaz," Khan said. "He is not ready to take responsibility for the center." On the other hand, Zardari would need Nawaz Sharif's support if he attempts to secure a Kashmir resolution, Khan noted.

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Comment: PMLN Suspicious But Ready to Work with U.S.
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¶10. (C) As reflected in their private gripes and public complaints about the lack of love from the U.S., the PMLN will remain careful when dealing with the U.S., but the politicians also recognize that they have little choice. Their criticism of the U.S.-India relationship and incursions on Pakistani sovereignty reflect bruised egos more than geostrategic thinking. As long as the U.S. continues to supply equipment and development assistance, the PMLN will grudgingly work towards our common goals in the country and province, although the party might occasionally take an anti-U.S. stance to differentiate itself from the PPP. Ultimately, with Punjab undergoing skyrocketing inflation and 12-hour-plus loadshedding per day, the public debate -- at least in Punjab -- could shift towards the severe economic stress and away from the U.S. and its role in FATA.

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